

**THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO *et al.*,

Debtors.¹

PROMESA Title III

Case No. 17 BK 3283-LTS

(Jointly Administered)

**REPLY OF ASSURED GUARANTY CORP. AND ASSURED GUARANTY MUNICIPAL
CORP. IN OPPOSITION TO OBJECTION OF THE DRA PARTIES TO THE
PROPOSED ORDER AND JUDGMENT CONFIRMING SEVENTH AMENDED TITLE
III JOINT PLAN OF ADJUSTMENT OF THE COMMONWEALTH OF PUERTO
RICO, ET AL. (ECF NO. 18685)**

¹ The Debtors in these Title III cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's Federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico ("Commonwealth") (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 04780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Assured Guaranty Corp. and Assured Guaranty Municipal Corp., (together, “Assured”) hereby submit this reply (the “Assured Confirmation Order Reply”) in opposition to the *Objection of the DRA Parties to the Proposed Order and Judgment Confirming Seventh Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al.* (ECF No. 18685, the “DRA Confirmation Order Objection”)² and respectfully state as follows:

BACKGROUND

1. On July 30, 2021, the Oversight Board filed the *Seventh Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al.* (ECF No. 17627, as amended, the “Plan”).

2. On August 2, 2021, in connection with the Plan, this Court entered an *Order Establishing Procedures and Deadlines Concerning Objections to Confirmation and Discovery In Connection Therewith* (ECF No. 17640, and as amended by ECF No. 18394, the “Procedures Order”).

3. The Procedures Order set a deadline of October 8, 2021 for “the Debtors to file an initial proposed order in support of confirmation of the Plan.” See Procedures Order ¶ 3.

4. On October 8, 2021, in accordance with the deadline set forth in the Procedures Order, the Debtors filed an initial proposed confirmation order (ECF No. 18447, the “Initial Proposed Confirmation Order”).

5. Assured is a party to the GO/PBA Plan Support Agreement and the HTA/CCDA Plan Support Agreement, each as defined in the Plan (together, the “Plan Support”

² Unless otherwise indicated, ECF numbers referenced in this Assured Confirmation Order Reply refer to the docket in Case Number 17-3283-LTS.

Agreements”), and supports confirmation of the Plan consistent with the Plan Support Agreements.³

6. Pursuant to the Plan Support Agreements and Section 1.158 of the Plan, any Confirmation Order confirming the Plan must be in form and substance reasonably satisfactory to Assured.

7. On October 19, 2021, Assured filed the *Statement in Support and Reservation of Rights of Assured Guaranty Corp. and Assured Guaranty Municipal Corp. with Respect to the Seventh Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al.* (ECF No. 18584, the “Assured Statement in Support”), in which Assured expressed its support for the Plan and also expressly reserved its right to “respond to any objections . . . to the Plan.” See Assured Statement in Support ¶ 4.

8. Also on October 19, 2021, the DRA Parties filed the *Objection of the DRA Parties to the Seventh Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al.* (ECF No. 18590, the “DRA Plan Objection”).

9. On October 22, 2021, Assured filed the *Reservation of Rights of Assured Guaranty Corp. and Assured Guaranty Municipal Corp. with Respect to Initial Proposed Confirmation Order* (ECF No. 18645), reserving all of Assured’s rights with respect to the Initial Proposed Confirmation Order.

10. Also on October 22, 2021, the DRA Parties filed the DRA Confirmation Order Objection.

³ Capitalized terms used in this Assured Confirmation Order Reply but not defined herein shall have the meanings ascribed to them in the Plan, the Procedures Order, the Plan Support Agreements, the DRA Plan Objection, or the DRA Confirmation Order Objection, as applicable.

REPLY

11. The DRA Confirmation Order Objection “rel[ies] on,” and incorporates by reference, the DRA Plan Objection. See DRA Confirmation Order Objection ¶ 3.

12. Moreover, contemporaneously with this Assured Confirmation Order Reply, Assured is filing the *Monolines’ Reply to the Objection of the DRA Parties to the Seventh Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico et al.* (the “Plan Reply”), which sets forth arguments of Assured and other monolines in opposition to certain arguments in the DRA Plan Objection.

13. Given that the DRA Confirmation Order Objection relies upon and incorporates by reference arguments already made by the DRA Parties in the DRA Plan Objection, Assured hereby incorporates by reference the Plan Reply as its reply in opposition to the DRA Confirmation Order Objection. In particular, but without limitation:

14. Assured incorporates by reference Section III of the Plan Reply, addressing the Plan’s exculpation and release provisions, in opposition to Section II of the DRA Confirmation Order Objection, which addresses the same subject matter.

15. Assured incorporates by reference Section IV of the Plan Reply, addressing the Debtors’ settlement with HTA Bondholders, in opposition to Sections III and VII of the DRA Confirmation Order Objection, which address the same subject matter.

16. Assured incorporates by reference Section II of the Plan Reply, explaining why the Plan does not effectuate a *sub rosa* plan for HTA, and Section V of the Plan Reply, explaining why the Plan provides proper treatment to Claims in Class 59, in opposition to Section VII of the DRA Confirmation Order Objection, which addresses the same subject matters.

17. More generally, Assured incorporates the Plan Reply in its entirety, with the same force and effect as if the Plan Reply were set forth in its entirety herein.

RESERVATION OF RIGHTS

18. Assured hereby reserves all of its rights with respect to the Initial Proposed Confirmation Order, including, without limitation, Assured's right to speak in opposition to the DRA Confirmation Order Objection at the hearing on confirmation of the Plan.

CONCLUSION

19. WHEREFORE, the DRA Confirmation Order Objection should be denied for the reasons set forth herein and in the Plan Reply.

[Remainder of Page Intentionally Omitted]

Dated: October 27, 2021
New York, New York

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CERTIFICATE OF SERVICE

I hereby certify that I filed this document electronically with the Clerk of the Court using the CM/ECF System, which will send notification of such filing to all parties of record in the captioned case.

At New York, New York, the 27th day of October, 2021.

By: /s/ Howard R. Hawkins, Jr.
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